



CITY OF SAN ANTONIO

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April 27, 2006

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Councilman, District 9

Christopher "Chip" Haass
Councilman, District 10

Sheryl L. Sculley
City Manager

Michael Bernard
City Attorney

William McManus
Chief of Police

Ladies and Gentlemen:

RE: City Management's Corrective Action Plan Report and the Review of San Antonio Police Department Special Compensation Payments

We are pleased to attach for your review the report for an audit of the San Antonio Police Department Special Compensation (SAPD) Payments. The objective of the audit was to determine if special compensation was paid to Police Officers in compliance with the collective bargaining agreement between the City and the San Antonio Police Officers' Association. The Governance Committee authorized the City Auditor's Office to perform a review of the special compensation paid to Uniformed Personnel in the Police Department. Over 1,900 public safety employees are impacted by this special compensation totaling \$7.2 million in fiscal year 2004.

The report highlights potential cost savings by applying a more restrictive interpretation of the Police Officers' Collective Bargaining Agreement related to eligibility for special compensation payments for Educational Incentives (potential savings \$892,500 per year), payments to Officers on active military duty leave (potential savings \$140,000 per year), and special compensation payments to civilian personnel (potential savings \$97,000 per year). Additionally, the report recommends that SAPD consider changes to the Field Training Officer Program to achieve savings of more than \$57,000 per year.

City Management and SAPD have agreed or partially agreed with four of the eight recommendations included in this report. We encourage the Mayor and City Council to evaluate Management's reasons for partially accepting or for declining the recommendations proposed as a result of this audit. The educational incentives for Police Officers are greater than those offered to Fire Fighters, see Attachment C on page 23. Also, the SAPD educational incentives are more lucrative than those offered to police personnel in Dallas, Austin, and Fort Worth. Whether SAPD, SAFD or City Civilian personnel, the educational incentives guidelines used for awards should be consistent, and they are not as of this time. Today, many public and private sector firms require that education incentives must be for job related

courses/curriculum. Exhibit G on page 13 summarized for a time period the types of degrees and approximate cost to the City for degrees that do not reasonably appear job related.

The Field Officer Training Program, as shown on page 11 Exhibit E, includes compensation to twenty supervisory or administrative Police Officers. They supervise the 78 Officers who actually perform the training. The FTO Incentive is paid for twelve months; however, the training does not take place year round. No data was provided during or subsequent to the audit to support the cost effectiveness and/or efficiency of the current FTO scheduling pattern as shown on page 12 Exhibit F.

We still believe that the current practice for certifying Police Officers is in conflict with the Texas Administrative Code and the governing Statute. This date is critical due to the one year work experience requirement to attain basic certification. A timeline to explain this has been shown as Exhibit H on page 15. Having this additional six months of on-the-job training is critical for public safety positions; however, Management's response did not address this safety issue. Also, SAPD Management did not provide any analysis or data for review to demonstrate that this is a more cost effective practice, or that this is consistent with other local government practices.

As the budget cycle for fiscal year 2007 approaches, the Mayor and City Council have an opportunity to evaluate other options for dealing with Police Personnel compensation. Since the bargaining agreement will end on September 30, 2006, negotiations can address implementing payroll business process efficiencies and costs savings. Simplification of the compensation schedule for Police Officers could result in substantial manual and automated processing savings while simultaneously improving data reliability. In their response to recommendation 6, see page 4 of 4, Management concurs that "SAPD has the most difficult payroll system in the City."

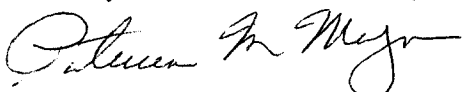
The City Council could approach the planning processes for 2007 with a new pay structure for Police Personnel that incorporates into base pay a number of the special compensation categories. This would of course mean that the City adopts some of these as job requirements for various levels within the new pay structure. The most likely candidates for this transition include:

- Longevity Pay – as required by Texas Local Government Code
- Certification Pay – Police Officer Certification issued by the State
- Language Skill Pay – bilingual ability for any language
- Educational Incentive Pay – higher education degrees and college credits
- Special Assignment – Field Training Officers, SWAT, Helicopter, etc

For comparison purposes, Attachment B on page 22 shows that Dallas, Austin, and Fort Worth have streamlined their incentive compensation categories which have resulted in higher base salary levels.

We encourage you to review Management's Corrective Action Plan and the summary of recommendations. The Internal Audit Department appreciates the opportunity to have performed this review because it has highlighted areas for reductions in expenditures for Police Personnel compensation or cost savings, and opportunities for enhancement of internal controls. We are available to discuss this material with you individually at your convenience.

Sincerely,



Patricia M. Major CPA, CIA, CTP, CGFM
City Auditor
San Antonio, Texas

cc: Pat DiGiovanni, Deputy City Manager
Erik Walsh, Assistant City Manager
Tyrone Powers, Assistant Police Chief
Leticia Vacek, City Clerk